

feeding period, COOP will consider the following risk management options which may be used to limit potential market losses on the cattle:

- (a) Hedging
- (b) Hedging by put-options
- (c) Forward contracting
- (d) Any combination of (a), (b) or (c)

COOP will use its best efforts to apply the above described methods to limit potential market losses on the cattle, however, FEEDER acknowledges because of the volatility of market conditions that can occur during the feeding period, COOP can not make guarantees limiting potential market losses on the Cattle. FEEDER agrees to hold COOP harmless for any decision made by COOP to risk manage the Cattle during the feeding period. If COOP exercises any of the risk management options above mentioned, COOP will attempt to notify FEEDER of the selection of such options and of the confirmation of the option being put in place.

4. Upon COOP's determination that the Cattle are ready for sale, COOP will attempt to notify FEEDER thereof, and will proceed to sell the Cattle with the proceeds of such sale to be paid directly to COOP.
5. COOP shall retain from the sale proceeds all amounts necessary to reimburse COOP for the following:
 - (a) The initial purchase price to the COOP, less the "reserve" that was paid by FEEDER, as shown in Paragraph 2 above.
 - (b) All feed and care expenses, including but not limited to, yardage charges, veterinary costs and medical care for the cattle during the feeding period, to the extent said expenses have not otherwise been paid by FEEDER.
 - (c) COOP's cost of purchasing options or any other costs directly related to steps taken to by COOP to protect COOP's position.
 - (d) Interest upon all amounts described in clauses (a), (b) and (c) at a variable rate equal to COOP's cost of funds through Co-Bank of Omaha, plus ____%. The effective interest rate on the initial date of this contract is ____%, and is expected to vary according to the variable rate charged to COOP by Co-Bank.

After COOP has been fully reimbursed as described above, the COOP shall remit all remaining proceeds to FEEDER. If there are not sufficient proceeds from the sale of Cattle and risk management options above described to reimburse COOP as set out above, FEEDER shall pay COOP within ten (10) days for any such deficiency.

6. Upon delivery of the Cattle to a location designated by COOP, risk of loss due to insured perils shall pass to COOP. In the event there is a loss caused by an insured peril, COOP shall have the right to enter into any agreement in adjustment of that loss, and any such proceeds received by COOP shall be included as part of the "cattle sale proceeds" as specified in paragraph 5, above. In the event a loss is sustained due to a peril not covered by insurance, the remaining Cattle, if any, will be sold in COOP's discretion, and if there are not sufficient proceeds from the sale of the remaining cattle, FEEDER shall be responsible for any deficiency, as specified